Stop Loss Insurance Renewal Offer

Voya Employee Benefits

Prepared for:
Monroe County District School Board

Effective Date
01/01/2019

Policy Number
68741-3

Excess Risk Insurance is issued by ReliaStar Life Insurance Company, a member of the Voya® family of companies.

Stop Loss Proposal for Monroe County District School Board

Individual Excess Risk Insurance

Plan Description	Current	Renewal Option 1
Plan Effective Date	January 1, 2018	January 1, 2019
Coverages	Medical, Rx	Medical, Rx
Individual Deductible	$275,000	$275,000
Aggregating Individual Deductible	$130,000	$130,000
Policy Year Maximum	Unlimited	Unlimited
Lifetime Maximum	Unlimited	Unlimited
Coverage Period	Paid in 12 Months and incurred Jan 01, 2014 or after	Paid in 12 Months and incurred Jan 01, 2014 or after
Benefit Percentage	100%	100%
Rates Include Commissions of:	8.0%	8.0%
Endorsements		
Renewal Rate Cap	Included	Included
Plan Mirroring Coordination	Included	Included
Coverage Description	**Enrollment/Quoted Rate**	**Enrollment/Quoted Rate**
Single Coverage	447/$31.34	447/$31.34
Family Coverage	535/$75.75	535/$75.75
Cost		
Estimated Monthly Costs	$54,535	$54,535
Estimated Annual Costs	$654,423	$654,423
% Change From Current		0.00%

Aggregate Excess Risk Insurance

Plan Description	Current	Renewal Option 1
Plan Effective Date	January 1, 2018	January 1, 2019
Coverages	Medical, Rx	Medical, Rx
Aggregate Adjustment Corridor	120%	120%
Individual Deductible	$275,000	$275,000
Maximum Annual Reimbursement	$2,000,000	$2,000,000
Coverage Period	Paid in 12 Months and incurred Jan 01, 2014 or after	Paid in 12 Months and incurred Jan 01, 2014 or after
Rates Include Commissions of:	8.0%	8.0%
Coverage Description	**Enrollment/Quoted Rate**	**Enrollment/Quoted Rate**
PEPM	982/$3.65	982/$3.65
Monthly Aggregate Corridor		
PEPM	982/$1,371.25	982/$1,371.25
Minimum Annual Aggregate Deductible	$0	$13,734,989
Select Acceptance Choice		☐

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Account Assumptions

Renewal As Of Date	11/12/2018
Renewal Good Through	November 27, 2018
Situs State	Florida
Claim Administrator	BlueCross BlueShield (FL), Medimpact
Network	BlueCross BlueShield (State)

Additional Contract Specifications:

- No fully insured lives are covered.
- Plan designs and contribution levels are assumed as submitted to underwriting. Any changes may require an adjustment to the individual excess risk rates and/or monthly aggregate corridor.
- Plan must have medical case management and utilization review.
- All claims are reported/paid in U.S. dollars.
- Any costs charged by the claim administrator for reports required to substantiate claims will be paid by the employer.
- The proposal is based on the data submitted. Any changes to this data may allow us to modify the proposal.
- We reserve the right to (i) recalculate Monthly Aggregate Factor(s) and Individual Excess Risk Monthly Premium Rates as shown on the Excess Risk Schedule and continue this Policy, or (ii) terminate this Policy in accordance with the Policy Termination provision of this Policy if an increase or decrease in the number of Covered Persons and Covered Dependents that exceeds 15% of the current number covered under the Employee Benefit Plan.
- Class 1 & 2

  Other: Incurred in 72 months 01/01/14 to 12/31/2019.

  Paid in 12 months 01/01/2019 to 12/31/2019
- Rates are firm through 11/27/2018.
- Pre and Post 65 retirees are covered. Medicare is primary for retirees 65 and over.

The individual stop loss renewal is based upon the current leveraged trend factors, market conditions, plan designs and current demographic factors. The aggregate renewal is based upon the experience of the group and current trend. Any plan changes may affect this renewal and need to be disclosed prior to the renewal acceptance.

Authorized Signature　　　　　　　　　　Date

Monroe County District School Board
68741-3
01/01/2019

Excess Risk Insurance is underwritten by ReliaStar Life Insurance Company. Policy form RL-SL-POL-2013 (may vary by state). Exclusions and limitations are described in the policy.

Economic Factors: Manage the Effects of Leveraged Trend (Illustrative)

Medical trend is the anticipated annual increase in the cost of medical claims from year to year. Medical costs generally increase every year through inflation, and there are many additional factors that determine the actual medical trend for a specific health plan.

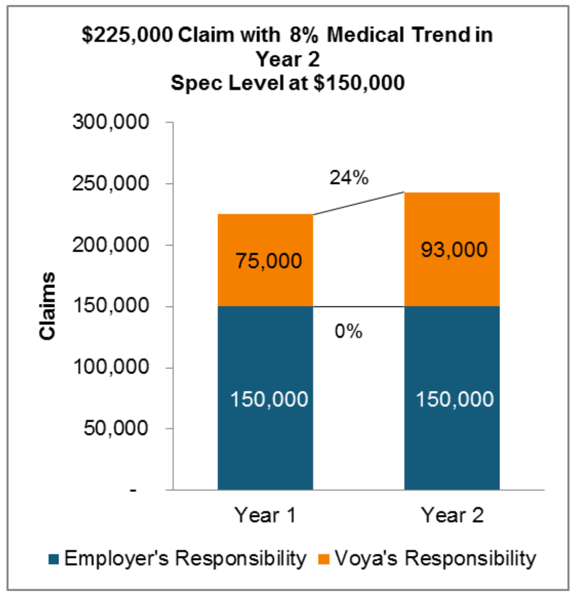
Components of medical trend include:

Plan Design	Technology	Network
Utilization Patterns	Demographics	Cost Shifting

Medical trend gets leveraged when parties responsible for medical claims do not maintain the same proportional share of the risk from year to year. Put simply, rising medical costs affect stop loss carriers differently than employers. But rather than passing our increasing risk back on to you in the form of large rate increases, we can compensate with small increases in deductibles.

Here's an example. In Year 1, the plan elects a $150,000 individual stop loss deductible. If there is an individual claim of $225,000, the first $150,000 is the employer's responsibility and the remaining $75,000 is reimbursed by the stop loss carrier.

In Year 2, assuming an 8% increase in medical costs, a claim that would have been $225,000 in Year 1 now costs $243,000. If the deductible doesn't change, the first $150,000 is the employer's responsibility and the remaining $93,000 reimbursed by the stop loss carrier. So that 8% trend produces a 24% cost increase to the stop loss carrier's claim and 0% increase to the employer.



If the stop loss deductible is left at the same dollar level year after year, the employer's risk actually decreases as a percentage of the overall claim. Conversely, the insurer's risk is increasing -- and, in response, the insurer has to increase rates well beyond medical trend.

In order to eliminate the leveraging effect, the employer should increase its individual deductible by trend each year. This essentially retains the exact same proportion of the risk.

In an effort to mitigate the effects of leveraged trend, your underwriter has included an optional quote during this year's renewal.

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